

Message Text

LIMITED OFFICIAL USE

PAGE 01 PRETOR 02116 111027Z

15

ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 SAM-01 IO-10 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01

INT-05 NSC-05 SS-15 STR-04 CEA-01 L-03 H-02 DODE-00

PA-01 PRS-01 /109 W

----- 128670

R 110938Z JUN 75

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 2035

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

AMEMBASSY LISBON

AMCONSUL LOURENCO MARQUES

AMEMBASSY PARIS

LIMITED OFFICIAL USE PRETORIA 2116

PARIS ALSO FOR OECD

CAPE TOWN ALSO FOR EMBASSY

E.O. 11652: N/A

TAGS: EFIN, SF, MZ

SUBJ: MOZAMBIQUE/SOUTH AFRICA MINE LABOR AGREEMENT

1. IN COURSE OF CONVERSATION WITH EMBOFF JUNE 10 SOUTH AFRICAN
RESERVE BANK DEPUTY GOVERNOR DE KOCK MENTIONED THE AGREEMENT UNDER
WHICH PART OF THE WAGES OF MOZAMBIQUE MINERS IS PAID IN GOLD TO
THE MOZAMBIQUE GOVERNMENT.

2. HE SAID THE AGREEMENT WITH PORTUGAL CALLED FOR THE GOLD TO BE
VALUED AT "THE PUBLIC EXCHANGE RATE," BUT THIS WAS NOT DEFINED AND
DID NOT MATTER SINCE THERE WAS THEN ONLY ONE PRICE FOR GOLD.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 PRETOR 02116 111027Z

SINCE THEN SOUTH AFRICA HAS USED THE IMF PRICE IN VALUING GOLD

UNDER THE AGREEMENT BUT THIS WAS A CONSCIOUS POLITICAL DECISION AND ACCORDING TO THE BANK'S LEGAL EXPERTS IS NOT REQUIRED BY THE AGREEMENT. THE RESULTING SUBSIDY TO MOZAMBIQUE IS SUBSTANTIAL AND IS BORNE BY THE MINES, WHICH GET A LOW PRICE FOR PART OF THEIR PRODUCTION, AND BY THE GOVERNMENT, WHICH COLLECTS LESS IN TAX ON THE MINES. THE MINES HAVE GRUMBLED BUT HAVE BEEN TOLD THAT THERE ARE OVERRIDING POLITICAL REASONS FOR CONTINUING THE ARRANGEMENT, AT LEAST FOR A WHILE.

3. DE KOCK WONDERS WHAT WILL HAPPEN IF THE IMF INTERIM COMMITTEE, NOW MEETING IN PARIS, ABOLISHES THE OFFICIAL PRICE. THIS WOULD KNOCK THE LAST PROP OUT FROM UNDER THE PRACTICE OF VALUING THE MOZAMBIQUE GOLD AT \$42.22. HE IS SURE THAT A WAY CAN BE FOUND TO CONTINUE TO SUBSIDIZE MOZAMBIQUE, QUIETLY AS IN THE PAST IF NECESSARY, BUT DOES NOT SEE HOW THE ARRANGEMENT CAN CONTINUE IN EXACTLY ITS PRESENT FORM IF THE OFFICIAL PRICE IS ABOLISHED AND \$42.22 BECOMES A MERE HISTORICAL CURIOSITY.

BOWDLER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MINING, AGREEMENTS, GOLD CRISIS, LABOR UNIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PRETOR02116
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750203-0458
From: PRETORIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750661/aaaacdgd.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2003 by MartinML>; APPROVED <14 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MOZAMBIQUE/SOUTH AFRICA MINE LABOR AGREEMENT
TAGS: EFIN, SF, MZ
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006